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## ATTACHMENT 1 - STATEMENT OF WORK

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### ACCOUNTS PAYABLE RESEARCH, IDENTIFICATION, AND RECOVERY AUDIT SERVICES

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#### I. GENERAL

The Defense Commissary Agency (DeCA) sells products to patrons at cost plus an authorized surcharge.

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#### II. SCOPE

The Contractor shall perform research of DeCA's CONUS accounts payable transactions (resale and non-resale) for the audit year being reviewed; identify potential overpayments owed DeCA; and provide detailed supporting documentation for each potential overpayment to the appropriate Coordinator (resale or non-resale) identified at TE 1. This recovery effort shall be limited to the audit year and performance period specified in the schedule.

The Contractor shall review the following categories for possible identification of potential overpayments: duplicate payments, input keying errors, pricing errors, interest, vendor credit memorandums, calculation errors and manual extensions, discrepancies in case pack quantities, and discounts offered but not taken.

To constitute a valid overpayment, the research, identification and supporting documentation submitted must be sufficient to substantiate a claim under the provisions of the Contract Disputes Act of 1978 and Federal Acquisition Regulation (FAR) Part 33.2 as determined by the appropriate Contracting Officer.

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#### III. DOCUMENTS/SYSTEMS/PROCESSES

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Applicable Documents. If readily available and upon the Contractor's request, the Government will provide to the Contractor: documents, reports, print files, system downloads and read-only access to appropriate systems as identified below to accomplish services identified in this contract. "Readily available" information in this context means that DeCA has predefined documentation and standard systems output relating to a particular transaction. Some information that may have existed may no longer be accessible to DeCA without significant effort as determined by the Technical Manager. Only information that is currently available and retrievable without significant effort is considered "readily available." Payment files, reports and documents may include vouchers, receipts, invoices and credit card receipts.

#### APPLICABLE SYSTEMS AND ELECTRONIC PROCESSES

<u>CAPS</u>	Computerized Accounts Payable System - DFAS -Request data in accordance with TASK 2
<u>DBMS</u>	Defense Business Management System - DOD -Query access available via document number -History data only available for active document numbers -No reporting capability
<u>DDMS</u>	DeCA Document Management System - DeCA -Data consists of scanned daily store receipts -Query/reporting capability consists of image printing and actions taken on paperwork -No historical data available prior to FY 2000 -No data download capability
<u>DIBS</u>	Defense Commissary Agency Interactive Business System - DeCA -Real-time production -Data consists of current and future prices for resale line items -Query/reporting capability -No historical data
<u>DOORS</u>	DeCA Overseas Ordering/Receiving System - DeCA -Subsystem within DIBS
<u>EDA</u>	Electronic Document Access - DoD -View data (non-resale and non-brand name resale) -Request data in accordance with TASK 2

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<u>EDI</u>	Electronic Document Interchange - DeCA -Pricing information with history -Query/reporting capability for screen view -No data download capability
<u>EDM</u>	Electronic Document Management - DoD -Request data in accordance with TASK 2
<u>FDS/DSD</u>	Frequent Delivery System/Direct Store Delivery - DeCA -Subsystem within DIBS -Summary level data -Detail data only in hardcopy
<u>PD2</u>	Procurement Desktop - Defense - DeCA -Contract information only; contracts can be requested in accordance with TASK 2 -No query access/data download
<u>SAVES</u>	Standard Automated Voucher Examination System - DeCA -Resale Contract information -Original/supplemental payment information -Query/reporting capability; summary level -No pricing information -No data download capability -Request data in accordance with TASK 2
<u>SRD-1</u>	Standard Financial System (STANFINS) Redesign-1 - DFAS -Request data in accordance with TASK 2
<u>STANFINS</u>	Standard Financial System - DFAS -Request data in accordance with TASK 2 -Query capability for open receipts -No historical data

Query access to each system as noted above will be provided by designated password to the Contractor for read-only purposes. Read only access will be provided since the Contractor will not be permitted or authorized to perform any type of data manipulation within any Government system. Most information is available through hard copy. The Contractor is responsible for data entry, if required.

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Definitions and Acronyms. Definitions, acronyms and terms referenced in this contract are described at TE 2.

Regulations and Directives. Upon the Contractor's request, regulations and directives identified at TE 3 will be made available and/or Internet sites provided where the specified material may be located. It should be noted that many of the DeCA Directives contain statements, which pertain to contractors in general. Statements contained in the DeCA Directives are not binding on the Contractor unless specifically referenced in this contract.

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#### IV. CONTRACTOR RESPONSIBILITIES

The Contractor will be allotted a working area to perform work associated with recovery audit services at DeCA as follows:

- The working area at DeCA will include two working areas: Headquarters, Fort Lee, VA; and Eastern Region, Virginia Beach, VA. Each area will consist of the following: an area approximately 12'x 12,' 3 work stations with computers (monitor, CPU, keyboard, mouse), a printer, telephone with access to local calls, and access to a copier and facsimile machine with local access.

An area provided at DFAS will consist of a table and access to a copier machine.

The Contractor shall schedule use of the areas described above with the appropriate Technical Manager identified at TE 1.

Government funding will not be used for procuring equipment or renovating facilities. Unless otherwise specified in this contract, the Contractor shall furnish all personnel, supervision, supplies, materials, and transportation necessary to perform services described in this contract. To successfully conduct and report on the recovery audit program, the Contractor may be required to travel to various locations, which shall be at the Contractor's expense. All proposed site visits shall be coordinated with the appropriate Technical Manager.

The Contractor shall be responsible for the safekeeping of all Government property while in the Contractor's possession and for security of Government facilities, equipment and materials

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provided for use by the Contractor. The Contractor will adhere to any record keeping procedures required by the Government, and shall not remove any files from Government premises or retain the files beyond the time period established by the Government, unless otherwise authorized by the appropriate Government official.

The Contractor shall provide necessary information to DeCA in order to obtain required personnel suitability investigations for Contractor employees performing services required under this contract as required by DoD and Component guidance. The Contractor shall be responsible for strict adherence to Government security regulations and policies, as applicable.

The Contractor shall follow DeCA policy as stated in DeCAD 35-12, Network Security and Firewall Policy, dated February 18, 2000.

All network connections between DeCA equipment and equipment outside the DeCA network is routed through a DeCA firewall. Direct network connections between DeCA-networked equipment and the Internet (or Nonclassified Internet Protocol Router Network (NIPRNET)) are not permitted. Bypassing or circumventing the firewall by using modems or network tunneling software to connect to networks outside of DeCA's Intranet is not permitted. This policy applies to all DeCA Local Area Networks (LAN), Wide Area Networks (WAN), and both in- and out-bound dial-up connections.

Access to the DeCA firewall from an external location requires cryptographic protection. Examples of cryptographic protection mechanisms include strong authentication (challenge/response) at the firewall (e.g., one-time passwords, hardware tokens, and digital certificate) or an authorized Virtual Private Network (VPN) (e.g., client to firewall VPN, firewall-to-firewall VPN).

Contractor personnel involved with this contract who have direct contact with any of the DeCA standard systems and/or information made available by DeCA shall be designated at a minimum ADP-II with a favorably completed National Agency Check with Law and Credit (NACLC).

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## V. CONTRACT HOURS OF OPERATION

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The services to be performed by the Contractor at Headquarters (HQ) DeCA, Field Operating Activity (FOA) locations, Regions, Accounts Control Sections (ACS), commissaries, or DFAS locations shall be during normal hours of operation. This information is available at DeCA's web site <http://www.commissaries.com> and at DFAS' web site <http://www.dfas.mil>.

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## VI. SPECIFIC TASKS - TECHNICAL REQUIREMENTS

TASK 1 - Action Plan with Milestones. The Contractor shall submit any proposed changes to the initial action plan submitted within 30 days after contract award for approval by the Contracting Officer. The Contracting Officer will approve the plan or provide the Contractor a list of deficiencies in the plan for correction within 10 days. The Contractor shall submit corrections within 10 days.

TASK 2 - Research Conducted Utilizing Systems and Electronic Processes. The Contractor shall submit all written requests for information to the appropriate Technical Manager. DeCA will respond to these requests using existing system reports, print files, system downloads and hard copy reports. Requests by the Contractor for information above and beyond the standard systems output within each system will not be granted. All data manipulation will be accomplished by the Contractor using contractor owned and operated equipment. Data manipulation in this context consists of data gathered and compiled by the Contractor to perform services required by this contract from data provided by the Government.

TASK 3 - Accounts Payable/Research/Identification/Documentation. The Contractor shall review, research, and identify DeCA's CONUS accounts payable transactions for the audit year being reviewed, identify potential overpayments and provide detailed supporting documentation for each potential overpayment to the appropriate Coordinator (resale or non-resale) identified at TE 1.

Supporting documentation shall substantiate a resale potential overpayment identified and shall include, but is not limited to, the following: Procurement Instrument Identification Number (PIIN), call number, Department of Defense Activity Address Code (DODAAC); receiving documentation (signed as proof

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of delivery with amount of product, and dollar extension) and/or receipt; verification of case pack, unit pack and price; invoice (if not delivery ticket invoicing); and payment document or system identification of payment.

Other documentation that may be provided to support a resale potential overpayment is as follows: SAVES verification that no credit was given or taken on the payment; a manufacturer/vendor contract line item list to identify that the correct manufacturer/vendor actually received payment. The latter would provide identification for those payments made to manufacturers/vendors who have changed contracts during the period.

Supporting documentation shall substantiate a non-resale potential overpayment identified and shall include, but is not limited to, the following: contract number, invoice, proof of delivery, receiving report, check number or Electronic Funds Transfer tracer number and voucher number.

Once all of the above documentation has been received by the appropriate Coordinator (resale or non-resale) the action will be forwarded to the appropriate Review Committee (resale or non-resale). The Committee will review the potential overpayment and supporting documentation and provide recommendations to the appropriate Technical Manager.

Within 30 days from receipt of the Committee's recommendation or as soon as practicable thereafter, a final determination on the validity of the potential overpayment will be made. If the potential overpayment is determined to be valid then the overpayment will be processed for collection by the Government. Only at this time will the potential overpayment be considered a valid overpayment and noted as such on all reports, correspondence, etc. Inadequately supported potential overpayments will be returned to the Contractor for either more documentation or returned as an invalid potential overpayment with no action.

TASK 4 - Required Support from Manufacturer/Vendor  
Inquiries. The Contractor shall assist in any manufacturer/vendor inquiries that may result from the Contractor's research and review under this contract. Such assistance may include but is not limited to recomputation of financial data, additional justification, or preparation and production of supporting documentation developed by the contractor in support of the potential overpayment action. Manufacturer/vendor inquiries pertaining to underpayments, not part of this contract, shall be

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brought to the attention of the appropriate coordinator for further action by the Government.

TASK 5 - Reporting Requirements. The Contractor shall prepare and submit detailed reports based on data collections, evaluations and findings covering the identified scope. The required reports and frequency of each is listed below and shall be provided to the Contractor Officer. Each report shall be provided in hard copy as well as an ACCESS database on Compact Disk.

▪ STATUS REPORTS:

- Monthly - Provide written monthly status reports no later than (NLT) 10 days after completion of the previous month
- As required - As required, but no more frequently than on a quarterly basis, Contractor is to make a presentation to assess the previous monthly reports and general status on their performance on this contract and discuss topics, to include those identified at Task 6 below.

▪ FINAL REPORT:

- Annual Draft Final Report - Provide cumulative annual report NLT 45 days prior to contract performance period completion date. The Contracting Officer will review and provide comments as soon as practicable after the receipt of this submission from the Contractor
- Annual Final Report - Provide cumulative final annual report (and oral briefing) NLT 10 days after the contract performance period completion date

Above reports should include, at a minimum, the following information: initial date (date submitted to the appropriate Coordinator), dollar amount identified as a potential overpayment, company name, contract number (PIIN), call number (if applicable) and identified as either resale disbursement or nonresale disbursement, DODAAC, claim number, invoice number, type of overpayment identified (see scope), and date of notification by Coordinator for each overpayment collected and amount.

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TASK 6 - Additional Reporting Requirements. During performance of audit services (identified in the Scope), the Contractor shall provide a written report within 10 days to the Contracting Officer upon identification of any procedural and/or system inconsistencies, internal control breakdowns, overall audit findings and systemic problems discovered.

TASK 7 - Fraudulent Billings. The Contractor shall immediately report all cases of suspected fraudulent actions to the Contracting Officer for that contract.

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## VII. LIMITATIONS

Limitation of Accounts Payable Research, Identification, and Recovery Audit Services. Unless specifically required and approved by the Contracting Officer, the scope of this Statement of Work does not include the following:

- Voluntary manufacturer/vendor identification of overpayments (These will be identified by the Government as noted in Section VIII)
- Overpayments identified by DFAS or DeCA during day-to-day operations (These will be identified by the government as noted in Section VIII)
- Payments made to other Government agencies
- Payments made in error to a resale manufacturer/vendor for items no longer carried by that manufacturer/vendor, in lieu of the payment being made to the new resale manufacturer/vendor who carries the items
- Payments made to correct Contractor but against wrong contract number
- Price offers made to DeCA under Resale Ordering Agreements (ROA) and Blanket Purchase Agreements (BPA) for brand name resale products (This scope of work is identified in a separate Statement of Work)

If any monies are erroneously recovered by DeCA as a result of Contractor identification and documentation, and payment is subsequently made to the Contractor, the Contractor shall be required, upon written request by DeCA, to return the contingency

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fee paid or have the contingency fee amount offset against the next contingency fee.

#### VIII. OTHER REQUIREMENTS

Criteria for Acceptable Potential Overpayment. The Recovery Audit Contractor shall only submit potential overpayments where the total sum of the overpayments exceeds \$500.00 per overpaid invoice and where each line item requiring accounting correction exceeds \$25.00. The Contracting Officer reserves the right to waive this restriction as deemed necessary.

Research and Recovery of Accounts Payable Transactions by Government Personnel. The Government reserves the right to perform research and recovery of accounts payable transactions covered by this contract (i.e., identified by systems, day-to-day operations, or by manufacturer/vendor voluntary submission). Such actions do not constitute a breach of contract by the Government.

Upon contract start date and periodically thereafter, the Government will notify the contractor of any accounts payable transactions for which they are performing overpayment research and/or recovery. If such notification is provided, the Contractor shall not receive any payment for overpayments collected on those accounts payable transactions.

The contractor shall be required to notify the designated Government coordinator of those accounts payable transactions for which they have identified a potential overpayment. Such notification shall take place no earlier than fifteen (15) days prior to submission of a potential overpayment properly submitted by the contractor in accordance with Para.VI, Specific Tasks, Task 3, of this SOW. Those potential overpayments returned to the contractor for additional documentation will cease to be considered "notified", if after thirty (30) days the Contractor does not comply sufficiently with this request for additional documentation. Those potential overpayments returned to the contractor, as an invalid potential overpayment, will cease to be considered "notified" immediately upon Government determination that it is an invalid potential overpayment.

Confidentiality of Information and Documents. The Contractor shall hold in strict confidence all information obtained from records made available during the performance of this contract. Such information shall be for the exclusive use of DeCA and/or DFAS. No information or data can be released to any other entity, Government or non-Government, without written

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approval from the Head of the Agency. The Contractor shall retrieve and replace hard documents in an orderly fashion. At the conclusion of the research and recovery audit action, all documentation shall be returned to DeCA. At no time shall the Contractor contact any manufacturer/vendor in connection with research, identification, and recovery audit services performed under this contract. Manufacturer/vendor inquiries received by the Contractor shall be referred immediately to the Contracting Officer.

Data Rights. All data produced and products resulting from this contract are the property of DeCA and/or DFAS. The Contractor's rights to the data and products are limited to those necessary to perform under the terms of this contract.

Quality Assurance. The Contractor shall be responsible for the overall accuracy and technical quality of all deliverables. For each performance period of the contract, if more than five percent of the potential overpayments submitted by the Contractor are rejected by the Contracting Officer, the Contractor will be assessed \$50 per rejected potential overpayment.

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## IX. CONTRACTOR'S MANAGEMENT REQUIREMENTS

Communication. The Contractor's management approach shall provide for full and open communication of findings and developments with the Contracting Officer, DeCA and DFAS representatives.

Meetings. The Contractor shall hold meetings when necessary with DeCA personnel to review the Action Plan. Unless otherwise specified by the Contracting Officer, the Contractor shall conduct all briefings/meetings at Headquarters, DeCA, and Fort Lee, VA. Any additional meetings shall be coordinated between the Contractor and the Contracting Officer. The Contractor shall prepare an agenda for each meeting, which shall include but not be limited to trends discovered during the audit process and measures for corrective action.

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